

Message Text

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ORIGIN ARA-20

INFO OCT-01 IGA-02 ISO-00 L-03 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

NSCE-00 SSO-00 CIAE-00 INR-10 NSAE-00 PA-03 USIA-15

PRS-01 INT-08 H-03 FTC-01 INRE-00 (ADP) R

DRAFTED BY ARA/EP/P:MRRFRECHETTE

APPROVED BY ARA/LA/EP:RFWEBER

ARA:JBKUBISCH

ARA:HSHLAUDEMAN

ARA/PAF:ESHIPPY

L/ARA:DGANTZ (SUBS)

TREASURY:MBRADFIELD (SUBS)

CIEP:RSTERNFELD (SUBS)

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O 251406Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY LIMA IMMEDIATE

INFO AMEMBASSY NAIROBI IMMEDIATE

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EO11652:NA/DECONTROL SEPTEMBER 26, 1973

TAGS:BDIS, EMIN,EIND, PE

SUBJECT: PRESS GUIDANCE ON CERRO PRESS RELEASE OF SEPTEMBER
24, 1973

NAIROBI FOR PETER FLANIGAN AND JOHN HENNESSY

1. FOLLOWING GUIDANCE PREPARED FOR DEPT. PRESS SPOKESMAN
CONCERNING CERRO CORPORATION PRESS RELEASE OF SEPTEMBER 24,
1973:

2. ADVISORY: C. GORDON MURPHY, PRESIDENT OF CERRO CORPORA-
TION, ANNOUNCED ON SEPTEMBER 24 IN A LONG PRESS RELEASE
THAT THE COMPANY HAS WITHDRAWN ITS OFFER TO SELL TO THE
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PERUVIAN GOVERNMENT THE MINING AND SMELTING OPERATIONS

IN PERU OF ITS WHOLLY OWNED SUBSIDIARY, CERRO DE PASCO. IN ITS STATEMENT CERRO CHARGED THE PERUVIAN GOVERNMENT WITH BAD FAITH, UNREASONABLE CONDITIONS AND HARRASSMENT.

SINCE DECEMBER 1971 CERRO HAS BEEN TRYING TO SELL ALL OR SOME OF ITS ASSETS IN PERU TO THE PERUVIAN GOVERNMENT. FOR ITS PART, THE PERUVIAN GOVERNMENT ESTABLISHED A COMMISSION WHICH MADE AN EXHAUSTIVE INQUIRY INTO ALL ASPECTS OF CERRO'S OPERATIONS IN PERU. THERE WERE NO FORMAL NEGOTIATIONS FOR SEVERAL MONTHS WHILE THE PERUVIAN COMMISSION COMPLETED ITS WORK, AND IN LATE AUGUST 1973 THERE WERE PRESS REPORTS FROM LIMA STATING THAT PERUVIAN PRESIDENT VELASCO HAD SAID THAT IF THE NEGOTIATIONS WITH CERRO FAILED, PERU

WOULD HAVE TO ASSUME CONTROL OF THE PROPERTIES.

THE CERRO NEGOTIATIONS WITH PERU WERE FORMALLY RESUMED ON SEPTEMBER 13, 1973, AND CERRO STATES IN ITS PRESS RELEASE THAT THE CONDITIONS PRESENTED BY THE PERUVIAN GOVERNMENT AT THAT TIME WERE UNACCEPTABLE. END ADVISORY

3. SUGGESTED REPLY: THESE NEGOTIATIONS HAVE BEEN CARRIED OUT BETWEEN THE CERRO CORPORATION AND THE PERUVIAN GOVERNMENT. WE DO NOT BELIEVE THAT IT IS APPROPRIATE FOR US TO COMMENT ON THE CERRO PRESS RELEASE OF SEPTEMBER 24.

4. ADVISORY: THERE HAVE ALSO BEEN PRESS ACCOUNTS TO THE EFFECT THAT THE NEGOTIATIONS CURRENTLY UNDER WAY BETWEEN THE PERUVIAN GOVERNMENT AND JAMES GREENE INCLUDE THE SALE OF CERRO'S ASSETS TO THE PERUVIAN GOVERNMENT.

ON AUGUST 9, 1973 THE U.S. AND PERUVIAN GOVERNMENTS JOINTLY ANNOUNCED THE EXISTENCE OF DISCUSSIONS WITH THE OBJECTIVE OF CONSIDERING CERTAIN ASPECTS OF U.S. INVESTMENTS IN PERU. END ADVISORY

5. SUGGESTED REPLY: THESE TALKS ARE BEING CONDUCTED BY THE PRESIDENT'S SPECIAL EMISSARY, JAMES R. GREENE, AND WE EXPECT THEM TO CONTINUE. IT WAS AGREED BY ALL PARTIES CONCERNED THAT THESE TALKS SHOULD BE CONFIDENTIAL AND THAT LIMITED OFFICIAL USE

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ALL PARTIES WOULD REFRAIN FROM COMMENTING BEYOND THE TEXT OF THE ANNOUNCEMENT MADE ON AUGUST 9. RUSH

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